

October 10, 2012

ITEM NO. C2

**AUTHORIZATION TO EXERCISE ONE-YEAR OPTION FOR CONTRACT NUMBER
11007 WITH ERNST & YOUNG, LLP FOR INDEPENDENT AUDITING SERVICES**

To the Honorable Board of Commissioners:

RECOMMENDATION

It is recommended that the Board of Commissioners authorizes the Chief Executive Officer or his designee to execute an amendment extending Contract No. 11007 with Ernst & Young, LLP (E&Y) for the period November 11, 2012 to November 10, 2013, to provide independent professional auditing services for a firm-fixed fee of \$749,300.

The Executive Vice President of Finance/CFO, the Office of the General Counsel and Office of Procurement have completed all necessary due diligence to support the submission of this initiative and recommend the approval of this item accordingly.

CORPORATE GOAL

The CHA is required to undergo an annual audit in conformity with Generally Accepted Auditing Principles, Government Auditing Standards issued by the Comptroller General of the United States and provisions provided in the Office of Management and Budget Circular A-133. The audit is used to determine whether the CHA's financial data can be relied upon and the requirement promotes sound financial management, including effective internal control, with respect to federal awards administered by United States Department of Housing & Urban Development, the state and local governments and not-profit-organizations.

FUNDING General Funds: 9000100202-4170.1

SOLICITATION SUMMARY

Vendor:

Ernst & Young LLP
Attn.: Brian Offenloch
155 North Wacker Drive
Chicago, Illinois 60606

Contract Type:

Auditing Services

Original Contract Amount:

\$1,420,000

Amount of Contract Amendment No 1:

\$ 749,300

New Contract Amount:

\$2,169,300

Contract Term: Two (2) years

November 10, 2010 – November 10, 2012

Contract Term Option No. 1

November 10, 2010 – November 10, 2013

M/W/DBE Participation and Section 3

Direct 20% MBE 10% WBE 10%

Indirect None MBE N/A WBE N/A

Waiver No

Section 3: (1) Hiring () Subcontracting () Other Economic Opportunities

GENERAL BACKGROUND

The Contract No. 11007 is for independent audit services on CHA general purpose financial statements, including Statement of Net Assets and Statement of Revenues, Expenses and Changes in Net Assets, and on CHA federal program revenues and expenditures in accordance to OMB Circular A-133, Audits of States, Local Governments and Non-profit Organizations.

E&Y has the proven track record of completing assignments timely and the resource flexibility to meet CHA's critical reporting requirements. E&Y utilized expertise from its various audit practices to deliver key solutions to critical financial accounting and reporting issues. E&Y has assisted CHA in implementing new Governmental Accounting Standard Board pronouncements and HUD regulations.

E&Y continues to be one of the top four national auditing firms, and a leading firm in the Real Estate practice area, and has extensive experience in auditing governmental agencies and non-profit entities. E&Y's continued participation in the evolving Real Estate Assessment Center and MTW reporting requirements is crucial for the Authority to meet its reporting obligations to HUD.

MBE participation is provided by Washington, Pittman & McKeever, LLC at 10% of the contract and WBE participation is provided by Prado & Renteria at 10% of the contract. Section 3 compliance will be completed through hiring.

The Board action recommended in this item complies in all material respects with all applicable Chicago Housing Authority board policies and all applicable federal (HUD) procurement laws.

The CEO/President recommends the approval to exercises the first one-year of the agreement with EY for a firm-fixed fee amount of \$749,300.00.

RESOLUTION NO. 2012-CHA-85

WHEREAS, The Board of Commissioners has reviewed the Board Letter dated October 10, 2012 entitled, "**AUTHORIZATION TO EXERCISE ONE-YEAR OPTION FOR CONTRACT NUMBER 11007 WITH ERNST & YOUNG, LLP FOR INDEPENDENT AUDITING SERVICES**"

THEREFORE, BE IT RESOLVED BY THE CHICAGO HOUSING AUTHORITY

THAT, the Board of Commissioners authorizes the Chief Executive Officer or his designee to execute Amendment No 1 to Contract No 11007 with Ernst & Young, LLP to exercise the first one-year option to provide independent professional auditing services for the period of November 11, 2012 through November 10, 2013, for a firm-fixed fee of \$749,300.00.

This award is subject to the Contractor's compliance with the CHA's MBE/WBE/DBE, Section 3, and bonding and insurance requirements.

